

VZCZCXYZ0008
RR RUEHWEB

DE RUEHHK #3660/01 2560606
ZNR UUUUU ZZH
R 130606Z SEP 06
FM AMCONSUL HONG KONG
TO RUCPDOG/USDOC WASHDC
INFO RUEHC/SECSTATE WASHDC 8578
RHMFIUU/HQ BICE WASHINGTON DC

UNCLAS HONG KONG 003660

SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132/FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: LI
YIN (HONG KONG) TECHNOLOGY LIMITED

REF: A) USDOC 01597

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the Bureau of Industry and Security (BIS), Export Control Officer (ECO) Philip Ankel conducted a post shipment verification (PSV) at Li Yin (Hong Kong) Technology Limited (Li Yin Hong Kong) on August 25, 2006. This PSV concerned gold plated nickel wire exported by California Fine Wire Company of Grover Beach, California (California Fine Wire) classified under ECCN 1C002 and valued at \$3,438. ECCN 1C002 is controlled for national security and anti-terrorism reasons.

¶3. Li Yin Hong Kong does not have a separate business location in Hong Kong. The phone number listed on the incoming cable (a number in China) was used to obtain a contact number in Hong Kong. Contact with Li Yin's Hong Kong number produced a meeting with Vincent Chu, General Manager of Lucky Door Industries Ltd. (Lucky Door Hong Kong). Mr. Chu's business card and the incoming cable list an office on the 12th floor of the applicable address. The meeting was held on the third floor in office number nine.

¶4. Mr. Chu stated that Lucky Door Hong Kong is the Hong Kong sales and marketing location for a factory in mainland China that produces various carrying cases unrelated to the items that are the basis for the check (www.luckydoor.com.hk). The meeting was held in the conference room of Lucky Door's Hong Kong operation, the walls of which were lined with cases like those referenced in the web site for Lucky Door listed above.

¶5. Mr. Chu stated that, in addition to distributing the production of the China Lucky Door factory, Lucky Door Hong Kong acts as a freight forwarder and Hong Kong presence for 20-30 mainland Chinese companies. In that capacity, Lucky Door Hong Kong receives and forwards shipments, pays the applicable import/export taxes and maintains the corporate registration of its customers. Mr. Chu did not disclose the names of other companies for which Lucky Door Hong Kong provides such services. Lucky Door Hong Kong has acted in this capacity for at least ten years on behalf of Li Yin Hong Kong. Mr. Chu noted that he

processes 30-40 shipments per month destined for Li Yin in China and 45-60 shipments out of China through Hong Kong on Li Yin's behalf. This shipment was the first received from California Fine Wire. Mr. Chu demurred when asked about other U.S. suppliers for Li Yin.

¶6. Mr. Chu produced the most recent business registration documents of Li Yin Hong Kong. It is registered at the address of Lucky Door Hong Kong (the third floor location) and has been in existence since ¶1994. According to its web site (www.dgliyin.com), the mainland Chinese company Li Yin Technology is located in Dongguan City and has 30,000 square meters of factory space. It produces a range of products including HDD coils, DVD coils, DVD rick coils, hard disk drives, transformers and other products. It claims several major customers including Sanyo, Sony & Dell.

¶7. As to the specific items that were the subject of the check, Mr. Chu provided documentation indicating that he had received the applicable shipment from FedEx and had subsequently sent it along to mainland China. The ECO requests guidance on whether the applicable items are included on any of the applicable export control regime lists so that he may reach out to Hong Kong authorities regarding Hong Kong licensing requirements related to this shipment (if applicable).

¶8. At the time visited, the consignee (Li Yin Technology (Hong Kong) Limited appeared to be an unsuitable recipient of the commodities shipped since it has no Hong Kong production facility and acts merely as the purchasing agent for a mainland Chinese company. The items in question were not in Hong Kong

at the time of the check and had already been transshipped to China. The ECO recommends that this PSV be classified as Unfavorable.

Cunningham